

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 JUSE-00 FEA-01 EB-08 COME-00

STR-05 TRSE-00 OMB-01 INT-05 FTC-01 GSA-02 ACDA-12

OES-07 SS-15 SP-02 L-03 CIAE-00 INR-07 NSAE-00

/094 W

-----062890 200212Z /75/11

R 180446Z NOV 77

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 1777

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

AMEMBASSY VIENNA

ERDA HQ GERMANTOWN

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C O R R E C T E D C O P Y (LINE ONE PARA TWO)

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E.O. 11652: N/A

TAGS: EMIN, ENRG, ECON, ETRD, AS

SUBJ: AUSTRALIAN URANIUM PRICE CARTEL AND URANIUM POLICY DEVELOP-

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MENTS

1. BEGIN SUMMARY - AUSTRALIAN FINANCIAL REVIEW (AFR) OF NOVEMBER 17
REPORTS SEPTEMBER 7, 1977, MEETING BETWEEN GOA OFFICIALS AND 10
URANIUM PRODUCERS. DETAILS OF MEETING WERE REVEALED IN LEAKED
CONZINC RIOTINTO AUSTRALIA (CRA) MEMORANDUM. ISSUES DISCUSSED
WERE: QUOTE COMMON TARGET PRICE END QUOTE FOR URANIUM ORE;

FORMATION OF URANIUM ADVISORY COUNCIL AND URANIUM MARKETING AUTHORITY; CODE FOR HANDLING RADIOACTIVE SUBSTANCES, MARKETING SAFEGUARDS; ROYALTIES; AND TIMING FOR MINE DEVELOPMENT.

2. AFR REPORTS THAT GOA OFFICIALS HAVE CONFIRMED THAT CONTENTS OF CRA MEMO PRESENT QUOTE FAIR ACCOUNT OF THE CONTENT OF THE MEETING END QUOTE. RESOURCES ATTACHE CONTACTED SENIOR OFFICIAL OF DEPARTMENT OF NATIONAL RESOURCES (DNR) WHO VERIFIED THAT MEETING OCCURRED, BUT WOULD NOT COMMENT ON DISCUSSIONS. DNR OFFICIAL DID ADD THAT URANIUM ISSUES HAVE BEEN FREQUENTLY DISCUSSED BETWEEN GOA AND URANIUM PRODUCERS. END SUMMARY

3. AFR LISTS MEETING PARTICIPANTS, AS DNR AND AUSTRALIAN ATOMIC ENERGY COMMISSION AND 10 URANIUM PRODUCERS, EIGHT OF WHICH ARE IDENTIFIED: WESTERN MINING CORP; MARY KATHLEEN URANIUM (SUBSIDIARY OF CRA); CRA; PEKO-WALLSEND; EZ INDUSTRIES; GETTY MINING (US); PANCONTINENTAL MINING; AND QUEENSLAND MINES. REMAINING TWO COMPANIES REPRESENTED COULD HAVE BEEN: NORANDA AUSTRALIA (CANADIAN COMPANY); AND KATHLEEN INVESTMENTS (EQUITY IN QUEENSLAND MINES AND MARY KATHLEEN).

4. URANIUM PRICING: MEMO STATED THAT GOA WOULD SET MINIMUM PRICES FOR URANIUM ORE AFTER AGREEMENT HAD BEEN REACHED WITH PRODUCERS ON A COMMON TARGET PRICE. BEFORE ANNOUNCING A PRICE, GOA WOULD SOLICIT COMMENTS ON DESIRED PRICE LEVELS FROM ALL PRODUCERS, AND THEN GOA APPROVED MINIMUM PRICE WOULD BE ANNOUNCED. LIMITED OFFICIAL USE

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MEMO REVEALS, HOWEVER, THAT GROUP HAS SOME CONCERN ABOUT INTERNATIONAL POLITICAL IMPLICATIONS OF GOA BEING SO CLOSELY INVOLVED IN PRICING AND NOTICE WAS TAKEN OF RAMIFICATIONS OF US ANTI-TRUST LAW AND LEGAL REQUIREMENTS OF EUROPEAN ECONOMIC COMMUNITY.

5. GOA-PRODUCER COORDINATING COMMITTEE: AMONG PRODUCERS THERE WAS DISSENT CONCERNING MAKEUP OF COORDINATING COMMITTEE, WHICH GOA INTENDS TO BE ONE OF THREE ENVIRONMENTAL ADMINISTRATIVE BODIES IN NORTHERN TERRITORY. DISAGREEMENT AMONG PRODUCERS REVOLVED AROUND QUESTION OF WHETHER OR NOT ALL COMMERCIALY VIABLE URANIUM PROJECTS SHOULD BE REPRESENTED; DNR TOOK THIS ISSUE UNDER ADVISMENT. CRA MEMO ALSO STATED THAT PRODUCERS HAVE SPLIT RANKS CONCERNING URANIUM DEVELOPMENT POLICY AND IT IS NOW EACH MAN FOR HIMSELF, IN SPITE OF APPARENT PRODUCER HARMONY EXEMPLIFIED BY THE UNITED FRONT PRESENTED BY THE URANIUM PRODUCER'S FORUM IN AUSTRALIA.

6. URANIUM ADVISORY COUNCIL (UAC): GOA AUGUST BUDGET MESSAGE STATED THAT UAC WOULD BE BROADLY BASED PERMANENT BODY WHICH WOULD ADVISE GOA ON ALL ASPECTS RELATIVE TO URANIUM. SUGGESTED MEMBERSHIP OF UAG IS 12, WITH URANIUM PRODUCERS REPRESENTATION

LIMITED TO NOMINEE FROM URANIUM PRODUCER'S FORUM PER DNR
SUGGESTION. PRODUCERS ARE SEEKING LARGER REPRESENTATION ON UAC.

7. URANIUM DEVELOPMENT CONTROL: MEMO STATED THAT THE RANGER
URANIUM PROJECT WOULD BE GOVERNED BY ATOMIC ENERGY ACT, PUTTING
IT UNDER COMMONWEALTH CONTROL. OTHER COMPANIES MAY BE GOVERNED
EITHER BY ATOMIC ENERGY ACT OR NORTHERN TERRITORY MINING ORDINANCE.

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8. MEMO REVEALED GOA TIMETABLE FOR ADMINISTRATIVE AND LEGISLATIVE
MEASURES RELATED TO URANIUM DEVELOPMENT. RETROSPECTIVE LOOK AT
TIMETABLE REVEALS THAT GOA HAS FALLEN BEHIND ON ITS LEGISLATIVE
AND ADMINISTRATIVE PROGRAM AFFECTING URANIUM. ACCORDING TO

TIMETABLE, FOLLOWING ISSUES SHOULD HAVE BEEN RESOLVED BY NOW:
CODE TO STANDARDIZE EXISTING STATE LAWS ON RADIOACTIVE SUBSTANCES
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WAS PROPOSED TO PARLIAMENT, (LATTER DID NOT ACT); LEGAL ASPECTS
OF URANIUM MARKET AUTHORITY WOULD BE DECIDED UPON BY OCTOBER
(DID NOT HAPPEN); MARKETING SAFEGUARDS AND CONDITIONS WERE TO
BE DETERMINED BY OCTOBER (PROCESS UNDERWAY); ON ROYALTIES, STATES
MADE IT CLEAR TO GOA THEY WOULD NOT HARMONIZE WITH GOA ON PAYMENTS;
ON MINE DEVELOPMENT TIMING, MEMO STATED THAT ENVIRONMENTAL IMPACT
STATEMENTS AND SUCCESSFUL NEGOTIATIONS WITH ABORIGINALS WILL BE
REQUIRED BEFORE GOA APPROVAL FOR DEVELOPMENT IS GIVEN; AND
OUTSIDE OF ABORIGINAL AREAS, STATE ENVIRONMENTAL LEGISLATION WILL
GOVERN MINING APPROVAL.

9. COMMENT: FOREGOING REVEALS DISUNITY THAT EXISTS BETWEEN COMMON-
WEALTH AND URANIUM PRODUCERS IN ESTABLISHMENT OF URANIUM MINING,
MILLING AND EXPORT DEVELOPMENT STRATEGY. IT IS OBVIOUS THAT GREATER
CONSENSUS MUST BE REACHED AMONG ALL INTERESTED PARTIES BEFORE
MINING PROCEEDS. URANIUM DEVELOPMENT ISSUE WILL UNDOUBTEDLY BE
SUBJECT OF MUCH DEBATE DURING PRESENT POLITICAL CAMPAIGN LEADING
UP TO DECEMBER 10 ELECTION. LABOR UNIONS WILL PROBABLY MAKE NO
DECISION ON DEFINITIVE COURSE OF ACTION TO TAKE RELATIVE TO
URANIUM EXPORTS AND MINE CONSTRUCTION ACTIVITIES UNTIL AFTER
ELECTION. IF AUSTRALIAN LABOR PARTY DOES NOT ACHIEVE GOVERNMENT
AND NO URANIUM REFERENDUM IS HELD, LABOR UNION OPPOSITION COULD
INCREASE TO POINT WHERE URANIUM MINE CONSTRUCTION PROJECTS COULD
NOT PROCEED AND YELLOWCAKE EXPORTS WOULD BE HALTED BY WATERSIDE
WORKERS REFUSING TO HANDLE ORE, FAILING MASSIVE GOVERNMENT
INTERVENTION.

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Message Attributes

Automatic Decaptioning: X
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Copy: SINGLE
Sent Date: 18-Nov-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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From: CANBERRA USOECD
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